TD

Distr.
GENERAL

TD/B/SR.497
28 April 1977

United Nations Conference on Trade and Development

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD

Eighth Special Session

SUMMARY RECORD OF THE 497TH MEETING

held at the Palais des Nations, Geneva,
on Monday, 25 April 1977, at 12.10 p.m.

President: Mr. LAGERGREN (Sweden)

CONTENTS

Opening of the session

Procedural matters (item 1 of the provisional agenda):

(a) Adoption of the agenda and organization of the work of the session

Statement by the Secretary-General of UNCTAD

Election of a vice-president

Institutional matters (agenda item 3):

(b) Announcement of any changes in the membership of the Board

---

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at this session will be consolidated in a single corrigendum to be issued shortly after the end of the session.

GE.77-64514

OPENING OF THE SESSION

1. The PRESIDENT declared open the eighth special session of the Board.

2. He observed that the Board was embarking on its third review and appraisal of the implementation of the International Development Strategy; the scope of the review and appraisal had been broadened to take account of the implementation of the Charter of Economic Rights and Duties of States and General Assembly resolution 3362 (S-VII) on development and international economic co-operation.

3. The Board's first biennial appraisal had left it in no doubt as to the joint and several responsibilities of the developing and developed countries in the implementation of the Strategy. Although it had been felt at that time that two years was too short a period within which to make a significant assessment of how far the goals and objectives established for the Strategy had been achieved, there had nonetheless been recognition of the need to do more for the developing countries and a near-universal readiness not to overlook the unsatisfactory conditions in the poorest and least developed countries. The Board's 1973 review of the Strategy had failed to produce a conclusive assessment of the progress made in implementing the policy prescriptions embodied in the Strategy. It had, however, pointed to those areas in which much needed to be done to adapt policies to the aims and objectives of the Strategy. He hoped that the legacy of conflicting perspectives, varying interests and an inclination to new solutions to problems only in the context of each one's own macro-economic setting would not be bequeathed to the review on which the Board was about to embark.

4. In accordance with its resolution 93/1978, the General Assembly would be undertaking at its thirty-second session a detailed assessment of the progress made in the implementation of its resolutions 3036 (XXV), 3202 (S-VI), 3201 (SVIII) and 3362 (S-VII). The Board's present task was to assist the General Assembly in its overall assessment of the implementation of those resolutions by reviewing the progress made in achieving their objectives, identifying shortfalls, offering constructive guidance regarding policy orientation, particularly in the field of trade, development and finance, and formulating appropriate recommendations.

5. In the reports which the Secretary-General of UNCTAD had submitted to the Board under agenda item 2, attention was focussed on the current and prospective situation in the different groups of countries and on the review and appraisal of the implementation of international trade and development policies in the various areas within the competence of UNCTAD. The reports also set out what could be regarded as some of the essential elements of a new, viable international development strategy.

6. Although many countries had not fully succeeded in giving the required priority to the implementation of the policies recommended in the Strategy, some major steps towards concerted international action in a number of key policy areas stimulated in the Strategy had been taken within UNCTAD. Those steps related to implementation of the principles of the Declaration on the Creation of a New Order [illegible] of Conduct for States, [illegible] of serious threat to international peace in 1974 of a [illegible] to the [illegible] of Trade Unions, the establishment and strengthening of multilateral mechanisms for the developing countries, expansion of trade and economic co-operation between the developing countries and the socialist countries of Eastern Europe [illegible] also be made of the launching of Mexico's Integrated Programme for Commodities at the Nairobi Conference. As the Secretary-General has stated in document TD/B/C.2/AC.1, the extensive series of negotiations [illegible] for Commodities [illegible] to be regarded as a crucial test of the basic principles of [illegible] co-operation in the commodities field. [illegible] official development assistance was far below the target set by the Strategy. There had been a substantial reduction in the flow of aid and a non-concessional [illegible] from OPEC countries to other developing countries.

7. No significant progress had yet been made, however, in implementing the General Assembly's recommendations in the area of international monetary reform, and expansion of external financial assistance to the least developed and disadvantaged developing countries had been largely offset by a considerable contraction in the purchasing power of the exports of those countries as a group. Early agreement on those issues would undoubtedly represent a unique symbol of the willingness of the developed and developing countries to work towards the establishment of a new international economic order. There was no denying the fact that only a few of the targets and goals prescribed by the Strategy had been achieved and that the repercussions of failure to achieve them had been severely felt by the poorest and least developed countries, by the geographically disadvantaged developing countries and by those developing countries that had been seriously affected by the recent economic crisis. Delegations might wish to address themselves to the question whether the lot of the disadvantaged countries, and overall global results, would have been better if the policy measures envisaged in the Strategy had been fully implemented.

8. The lack of concrete results in the implementation of a number of Strategy measures had led to impatience with UNCTAD's slow progress. That impatience might breed anger and frustration and so create a climate of recrimination. Translation of ideas and ideals into concrete and realistic action had never been easy, however, and it must be realized that the problems with which UNCTAD was dealing were not only new and startling but also extremely complicated. It was not surprising, therefore, that those problems were being dealt with in other forums as well. Any advance in those other forums towards the goals of UNCTAD must be greeted with appreciation by the members of UNCTAD. That did not, of course, in any way absolve UNCTAD from its own responsibilities.

9. The only way to successful solution of UNCTAD's problems lay in open and generous dialogue, persistence in negotiations and dogged determination to succeed. He hoped that at its eighth special session, the Board would meet that challenge.

PROCEDURAL MATTERS (Item 1 of the provisional agenda):

(a) ADOPTION OF THE AGENDA AND ORGANIZATION OF THE WORK OF THE SESSION (TD/B/641 and Add.1 and 2)

10. The provisional agenda (TD/B/641) was adopted.

11. The PRESIDENT informed the Board that provision had been made for the Working Party on the UNCTAD programme budget for the biennium 1978-1979 to meet concurrently with the Board's eighth special session and to report to the Board at the second part of its sixteenth session.

12. He drew attention to the suggestions for the organization of the work of the Board at the present session and in particular to the suggestion that a contact group of the President should be established to deal with agenda item 7 (TD/B/641/Add.2).

13. The suggestion for the organization of the work of the session were adopted.

STATEMENT BY THE SECRETARY-GENERAL OF UNCTAD

14. Mr. COREA (Secretary-General of UNCTAD) said that when the Board had conducted its 1975 review and appraisal of progress in the implementation of the International Development Strategy, two factors had been prominent. First, there had been the failure to implement the policy measures required by the Strategy and the fact that the Strategy itself had been very seriously disrupted by inflation, the onset of an acute recession, monetary disequilibrium, dramatic changes in price relationships and the very serious situation facing the most seriously affected of the developing countries. At that time there had been no global plan to correct the situation; only ad hoc relief measures had been applied.

15. The second factor had been of a conceptual and political nature. The failure of the Strategy for the Second United Nations Development Decade had given rise to a search for a new international economic order. It had been recognized that the prevailing system was inadequate and that the problems of development had to be solved by measures other than the transfer of resources alone. In other words, there had been an awareness of the need for structural changes in economic relationships. Indeed, the concepts of structural change and collective self-reliance were the cornerstones of the new international economic order and constituted the essential difference between the Strategy's approach to development problems and the approach adopted in the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States.

16. Thus, at the Board's seventh special session, efforts had inevitably been directed towards giving concrete content to the issues enunciated in the Programme of Action. There had been several events in prospect - including the seventh special session of the General Assembly, the fourth session of the United Nations Conference on Trade and Development and the first dialogue on international economic co-operation - which, it had been hoped, would provide opportunities for such action. Some of those events were concluded, others were still under way. It seemed appropriate, therefore, to reflect on the outcome of the two years of endeavour to implement some of the elements in the Programme of Action.

17. Unfortunately, no great satisfaction could be derived from the experience of those two years. The record was not, of course, wholly negative; some progress had been made. There had, for example, been the establishment of the International Fund for Agricultural Development, the extension of IMF facilities to help countries meet their balance-of-payments problems, an expansion of the resources available to IBRD and the entry of OPEC countries on the scene as major donors of assistance to the developing countries. At UNCTAD itself, the Conference had taken a number of important decisions, including that on the Integrated Programme for Commodities. Nevertheless, if what had been achieved was measured against the yardstick of what needed to be done to solve the problems facing the developing countries, the inescapable conclusion was that performance fell far short of requirements. Similarly, if the positive achievements were measured against the yardstick of whether or not they constituted a significant breakthrough in development issues, again the inevitable conclusion must be that such a breakthrough was still to come.

18. One of the key areas in which satisfactory results had yet to be achieved was that of commodities. At its fourth session, the UNCTAD Conference had taken a major step forward in that area by establishing a comprehensive framework for dealing with the question of commodities, embodying new principles and objectives.

19. The real test of the efficacy of the Conference's action at Nairobi would be the results of the negotiations undertaken at the Integrated Programme for Commodities. They were still in progress but not too much comfort could yet be taken from them, since no decisive headway had yet been made either in the negotiations on various individual commodities or in those on the Common Fund. While he was not totally discouraged by the outcome of the recent Negotiating Conference on a Common Fund, it was nevertheless a fact that, at the end of that meeting, Governments had not been able to translate into specific decisions the forward movement that had occurred in their own positions.

20. There was in fact evidence of some movement. It could now perhaps be said that there was a willingness to see established a new regime to strengthen and stabilize commodity markets. However, it was necessary to concentrate negotiating efforts on the reconciliation of outstanding differences concerning the character of such a régime. The world was watching and hoping that the impasse would be broken. There was certainly a new awareness of the importance of the commodities issue and of the fact that there could be no comprehensive breakthrough in North/South negotiations without an agreement on the commodity question.

21. Another area in which the progress hoped for at Nairobi had not yet materialized was that of the external debt problem of the developing countries, which was still very much on the international agenda in several forums. Practical results were urgently needed in respect of two aspects of the problem, namely, immediate measures of debt relief and the establishment of an international policy framework for responding to the debt problem.

22. A third area in which no sign of a breakthrough had yet been perceived was that of resource transfer. The developed countries were still falling very short of the targets set and they needed to renew and implement their commitments.

23. Multilateral trade negotiations had been launched in GATT in 1973, but the progress anticipated had not been achieved. There, too, effective progress was vitally necessary.

24. In a fifth area, that of monetary reform, the innovatory ideas that had proliferated four or five years previously appeared to have been overtaken by events. More recently, the international community had shown a pragmatic approach, improvising solutions to meet situations as they occurred. That had probably been necessary, but the need for lasting reform had not been obviated.

25. All five of those areas required concentrated attention from the international community and there would be many opportunities for dealing with them in the remainder of 1977. While he did not think that, by the end of the current year, negotiations would have been completed in all those areas, he earnestly hoped that some solid foundations would have been laid.

26. Turning to the question of a new development strategy for the 1980's, he said that the international community should draw on the experience of the Second Development Decade when preparing for the next one, which was not so very far away. The UNCTAD secretariat had outlined some preliminary thoughts on the subject in an attempt to sow seeds that might fructify in the future.

27. It had taken the view that a new strategy could be based on three pillars, the first of which would be the enunciation of <u>national</u> development strategies, which were at the core of the development process. In recent years, there had been much heart-searching regarding the relevance of national policies to development goals and much new thinking on strategies and styles of development, while the shortcomings of the past were being increasingly highlighted. There had been an emphasis on basic needs strategies, aimed at social justice and more egalitarian societies, which would surely be reflected in any new strategy for the Third Development Decade. It should not be forgotten, however, that a development strategy oriented to the satisfaction of basic needs had to be more than a combination of social welfare and income redistribution programmes. It did not do away with the need for economic and technological transformation. It implied, not a negation of growth, but a redirection of growth towards social objectives.

28. The second pillar supporting a new strategy would be an international framework conducive to the national development programmes. That was crucially important. In the past, the emphasis had been placed on financial measures such as resource transfers and balance of payments support, important measures but ones which entailed no structural changes. There was currently a strong emphasis on the need for structural changes in international economic relationships, as exemplified by the expression "the new international economic order". That should be reflected in a new strategy.

29. The third pillar of a new strategy would be co-operation among the developing countries themselves, what had been called "collective self-reliance". That concept had gained enormously in significance in recent years and a number of ministerial meetings had been held by the developing countries for the purpose of defining and strengthening it. In the course of those meetings, a number of areas for further work had been identified, to which UNCTAD could make a useful contribution. There could be no doubt that the concept would play a prominent role in the strategy for the third development decade.

30. Once a strategy had been formulated it had to be cast into operational form, including quantitative targets where possible. The international community had been moving away from the enunciation of broad objectives towards negotiations aimed at translating such objectives into action. Not only would the United Nations have to respond to the consequent need for negotiating programmes, but so also would Governments, from which a new level of preparation and of commitment was required, both individually and as members of regional groups. The developing countries in particular would have to demonstrate their capacity for action and their ability to mobilize their resources for the achievement of their aims.

31. The Trade and Development Board had, in the past, made a vital contribution both to the formulation of strategies and to the review and appraisal of their implementation. He had no doubt that, at its present session also, it would provide some valuable inputs to the current process of review and appraisal and to the preliminary work on a new development strategy.

ELECTION OF A VICE-PRESIDENT.

32. The PRESIDENT said he had been informed that Mr. Taniguchi, a Vice-President of the Board, was unable to attend the present session. He therefore invited nominations for a replacement to fill the vacancy caused by that absence.

33. Mr. MONTGOMERY (Canada), speaking on behalf of the Group B countries, said that it was customary to elect a replacement from the delegation to which the absent officer belonged. He therefore nominated Mr. Seo (Japan) as Vice-President of the Board.

34. Mr. Seo (Japan) was elected Vice-President by acclamation.

INSTITUTIONAL MATTERS (agenda item 3):

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD

35. The PRESIDENT said he had been informed that, under paragraph 5 of General Assembly resolution 1995 (XIX), as amended, Barbados, the Democratic People's Republic of Korea, Guyana, Liberia, Luxembourg and Sierra Leone had communicated their intention to become members of the Board. Those countries had accordingly been included in the Board's membership.

The meeting rose at 1.20 p.m.